MEMORANDUM FOR: Director of Central Intelligence

SUBJECT   :   Department of State Proposal to Weaken COCOM
                      Control over Technology Exports

1. This memorandum suggests action on your part; this action is contained in paragraph 5.

2. The Department of State has instructed its delegation to the annual COCOM meetings, which convened today in Paris, to present a US position on the control of technology to Communist countries which, if adopted, can materially impede your exercise of your responsibilities to protect intelligence sources. The Department's proposal would subject requests for the export of technology to Communist countries to consultation among member countries, rather than to established voting procedures which give each member a veto over proposed exports of COCOM embargoed technology. This procedure could make it feasible for member countries to license the manufacture by Communist countries of sophisticated communications equipment which could significantly degrade US communications intelligence collection programs.

3. The State proposal is the result of conflicting interpretations of the obligation of participating countries to request exceptions from COCOM regulations for the export of technology. The immediate case arises from a French request for COCOM approval of proposals to license the manufacture of computers and associated data processing equipment to Czechoslovakia. Although the US has objected to this request, the French have contended that since the equipment in question could be exported without COCOM approval, the associated technology can also be exported without COCOM approval.

4. The Department sees the French position as evidence of uncertainty about the application of COCOM procedures to technology cases and asserts that there are no effective controls in COCOM over the export of technology to produce embargoed items. All the remaining members of the US trade controls staff structure have held that effective controls over exports of technology are provided by Administrative Principle 5 of the COCOM regulations which states:
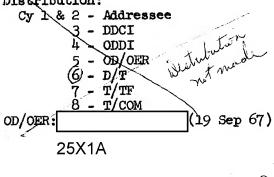
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"... so far as practicable, the object of the strategic
controls should be maintained by restrictions on the
export of technical data, technical assistance, and any
other technology applicable to the design, production
and use of the embargoed items."

5. The Department's position was approved at an informal
meeting of selected members of the Senior Interdepartmental Group
(SIG) called by Under Secretary Katzenbach on Friday evening,
15 September. In view of the importance of the State proposal to
your exercise of your responsibilities, and in view of the adverse
Congressional reaction that may result when this change becomes
public knowledge, I recommend that you take the following steps to
make CIA's concern a matter of record:

    A. Telephone Mr. Katzenbach to express your concern
that a major policy decision directly affecting your statutory
responsibilities was taken without your knowledge. You could
also request the Under Secretary to instruct the US dele-
gation not to present the US proposal until your position
has been considered by him.

    B. Transmit to the Under Secretary the attached
letter which states your objections to the proposed US
position.

                        EDWARD W. PROCTOR
              Acting Deputy Director for Intelligence

Attachment:
 Proposed Letter to
 Under Secretary Katzenbach

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